

First instituted in the late 18th century, the estate tax was enacted to help our young nation build a Navy to protect our shores. Until 1916 when it became a permanent part of the tax code, it was repealed and brought back several times during times of emergency. It has been largely unchanged since the 1930's. The death tax is now a combination of three taxes: the estate tax, the gift tax, and the generation-skipping transfer tax. Its tax rate is the steepest in the tax code—beginning at 37 percent and rising to an incredible 55 percent.

The National Federation of Independent Businesses has called the estate tax "the single greatest government burden imposed upon small family businesses." The National Commission on Economic Growth noted in its report that it makes little sense and is unfair to impose extra taxes on those who choose to pass their assets on to their children and grandchildren rather than spend the money before they die. This cuts to the heart of the American dream of success from hard work and fiscal responsibility. Entrepreneurs should not be punished for their success—they should be rewarded.

Why should death taxes be repealed? Besides the fact that these taxes punish savings, thrift, and entrepreneurship, they have a devastating effect on family farmers and small businesses. According to a recent report by the Center for the Study of Taxation, 7 of our 10 businesses don't survive through a second generation and almost 9 in 10 fail to make it through a third. In fact, 9 out of 10 family business owners who took over after the principal's death in a recent survey said death taxes contributed to their business' demise.

If Congress succeeds in repealing these unfair, burdensome, and punitive taxes, the economic benefits will be enormous. In fact, the Heritage Foundation in 1997 forecast that during the ten year period after death tax repeal: an average of 145,000 new jobs would be created; our economy would yield an extra \$1.1 billion per year; personal income would rise by an additional \$8 billion per year; and the economic growth caused by repeal would more than offset any revenue lost to the treasury from the repeal. This is just one of a number of studies that detail the extraordinary benefits of repealing estate and gift taxes.

Mr. Speaker, I ask my colleagues to join with me in sunsetting the most egregious form of taxation. We should set a goal of the end of the year 2002 to completely repeal death taxes. We must make it a priority so that we move away from punishing hard work, thrift, savings, and entrepreneurship and start rewarding these most American of values.

#### EXPRESSING OPPOSITION TO DECLARATION OF PALESTINIAN STATE

SPEECH OF

**HON. PAT DANNER**

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, March 16, 1999*

Ms. DANNER. Mr. Speaker, I think it is important that I clarify my position regarding the resolution that recently passed in the House of Representatives expressing congressional opposition to a unilateral declaration of a Palestinian state (H. Con. Res. 24).

My vote for this resolution was not a comment on the merits of a Palestinian state. Rather, my vote is a reflection of my belief that a unilateral declaration of a Palestinian state at this time would hamper efforts to reach a just and lasting peace between the parties. A unilateral Palestinian declaration of an independent state outside of the framework agreed upon in Madrid, Oslo and Wye would not bode well with the current, precarious state of the peace process. This is the position advanced by our Administration. Indeed, the resolution simply restates official U.S. policy. Ultimately, this is why I voted for it.

However, I would note that I chose not to cosponsor the resolution because of my concerns with its one-sided approach. I am concerned that unilateral actions by any of the parties would have a great potential to undermine the efforts we have set forth for peace—whether committed by Palestinians or Israelis. The resolution's failure to mention any Israeli unilateral actions was, in my opinion, a grave error.

The Administration has worked hard to keep this process going—to keep the hope for peace alive for both Israelis and Palestinians. Congress should work diligently to support this effort and maintain balance.

#### A BILL TO AMEND THE RESEARCH AND EXPERIMENTATION TAX CREDIT TO PROVIDE A CREDIT AS AN INCENTIVE TO FOSTER COLLABORATIVE SCIENTIFIC RESEARCH PROJECTS THROUGH BROADLY SUPPORTED NON-PROFIT, TAX-EXEMPT SECTION 501(c)(3) RESEARCH CONSORTIA

**HON. AMO HOUGHTON**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 25, 1999*

Mr. HOUGHTON. Mr. Speaker, I am pleased to join my colleague from Michigan, Mr. LEVIN, together with twenty-one of our colleagues, in introducing our bill, the "Public Benefit Collaborative Research Tax Credit." This bill would amend the research and experimentation tax credit in order to foster collaborative scientific research projects through broadly supported non-profit section 501(c)(3) research consortia. These collaborative not-for-profit scientific research consortia are devoted to research projects that benefit not just one company, but the economy and the country as a whole. Our amendment to the research credit would provide incentives for multi-company and multi-industry research partnerships, with the result that this important tax credit would be structured to foster the kind of collaborative research on which America's economic growth in the 21st century will depend.

Our proposal would require that the research tax credit be extended beyond its June 30, 1999 expiration date, and we strongly urge extension of the credit. The research intensive sectors of our economy find it very difficult to do planning for research due to the constant stop-and-start arising from the perennial expiration and re-enactment of the research credit. The research credit is one of our most important tax incentives for economic growth, because scientific and technological innovation

are, in the final analysis, the sources of that growth.

This is why our public benefit collaborative research credit proposal is so important. More and more scientific and technological research of the greatest economic value now takes place not in the confines of individual companies, but collaboratively—and this is true for traditional manufacturing and utility sectors as well as computers and telecommunications. Yet the research credit as it currently stands actually contains disincentives for collaborative research. Companies are required to reduce their contributions to non-profit research consortia by an arbitrary 25% before those amounts can be used in the computation of the credit. Our proposal would eliminate the disincentives in current law for collaborative research, and make the research credit "fit" modern research-partnership approaches.

Under our bill, companies would be entitled to a flat (non-incremental) 20% credit for support payments made to non-profit, tax exempt section 501(c)(3) scientific research organizations. Section 501(c)(3) scientific research organizations are required under existing law—which would not change—to make their research results available to the public on a nondiscriminatory basis. In this way, our proposal assures that all the scientific research for which our new credit is allowed is public-benefit research. In addition, for support payments to be eligible for our credit, the tax-exempt scientific research organization receiving the support payments would be required to have at least 15 unrelated supporting members, no three of which provide more than half of its funding and no one of which provides more than 25% of its funding. This assures that only truly multi-company collaborative research consortia are supported by our proposal.

Examples of broadly supported section 501(c)(3) research consortia whose continued success is tied to our proposal are the Gas Research Institute, funded by member companies in the natural gas industry, the Electric Power Research Institute, funded by member companies in the electric utility industry, the National Center for Manufacturing Sciences, funded by a coalition of high-technology manufacturing companies, the American Water Works Association Research Foundation, funded by water utilities, and non-profit consortia funded by other utility sectors. Collaborative public-benefit scientific research conducted by these and other section 501(c)(3) research consortia (and our bill should encourage new consortia) represents some of the most efficient and economically significant research being performed in the United States today, e.g. in the areas of cutting-edge manufacturing techniques, energy efficiency, public health, and economically rational pollution control, among many other areas. Collaborative research consortia supported by our proposal are devoted to sophisticated scientific research that in many cases no single company could afford, or would be willing, to conduct on its own, because of the uncertainty of immediate success or because of the risk of copycat competitors.

For all these reasons collaborative scientific research represents our brightest economic future. Our bill amends the research tax credit provisions to foster this goal. We urge our colleagues to join us in cosponsoring this very important legislation, the "Public Benefit Collaborative Research Tax Credit Act of 1999."